

# Avoiding Failure To Launch

## A Grown Children Benchmark For Projecting Future Housing Needs

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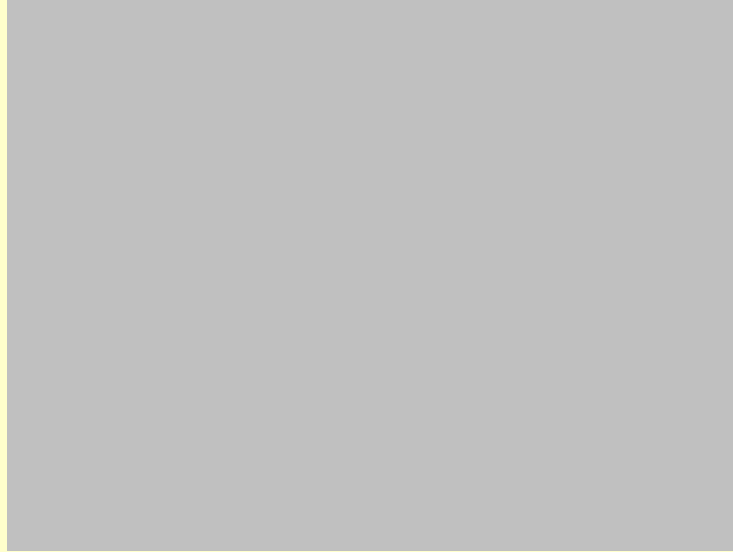
### Key Questions

- Should grown children live with their parents?



## **Failure To Launch**

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## **At What Age Should Children Have a Separate Housing Unit?**

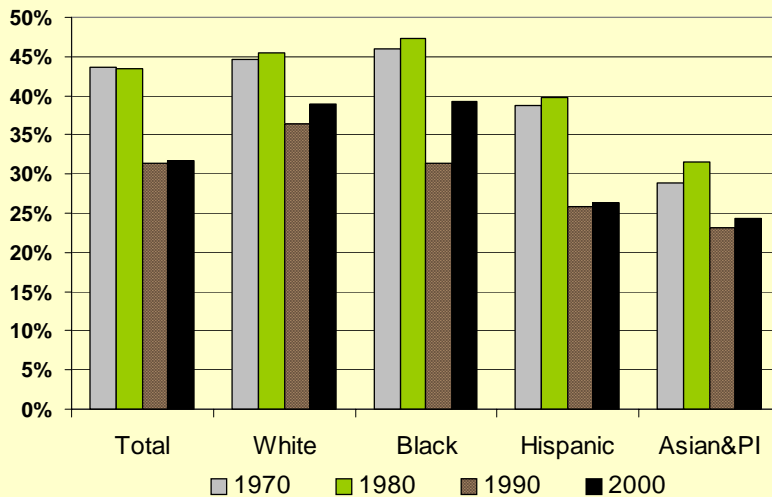
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|    |   |    |
|----|---|----|
| 18 |   | 25 |
| 21 | ? | 30 |
| 23 |   | 40 |

## Key Questions

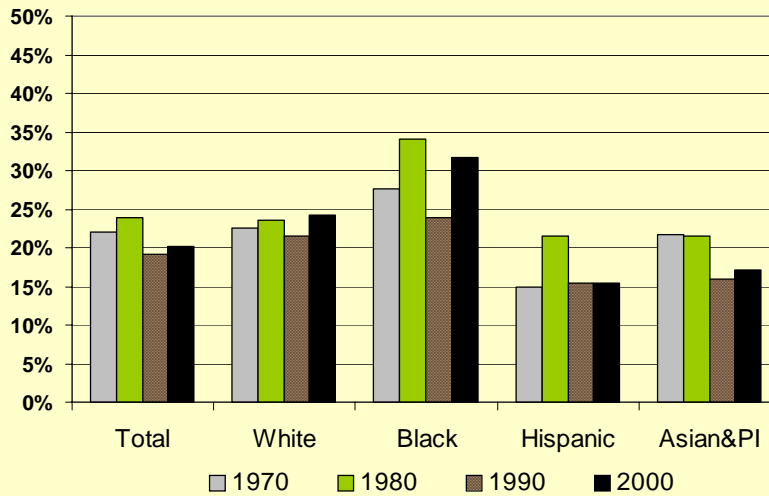
- Should grown children live with their parents?
- What ratio of housing units is needed?
- How fast is the number of children growing?
- How does this translate into housing needs?
- In the case of Orange County, how much must housing construction increase?

## Ratio of Housing Units Occupied per Person Age 25



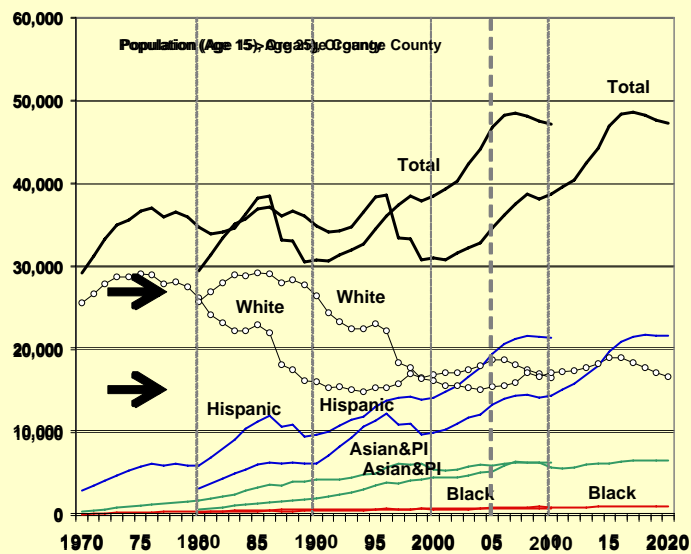
Data Source: Decennial Census PUMS 5% for 1970, 1980, 1990 and 2000

## Multifamily Ratio of Housing Units Occupied per Person Age 25



Data Source: Decennial Census PUMS 5% for 1970, 1980, 1990 and 2000

## Number of Children Age 15 Turning 25



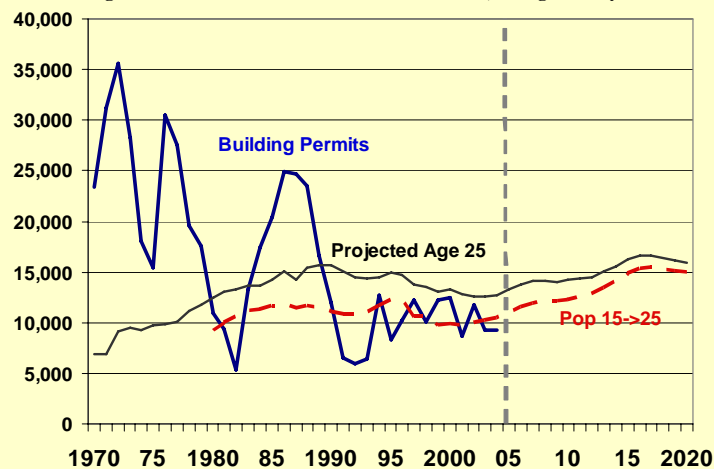
Data Source: State of California, Department of Finance, Race/Ethnic Population with Age and Sex Detail, 1970-2050. Sacramento, CA, May 2004

## How Many Housing Units Will Be Needed?

$$\begin{array}{c} \text{Number of People} \\ \times \\ \text{Ratio of Housing Units} \\ = \\ \text{Number of Housing Units} \end{array}$$

## Comparing Household Formation and Total Construction in Orange County

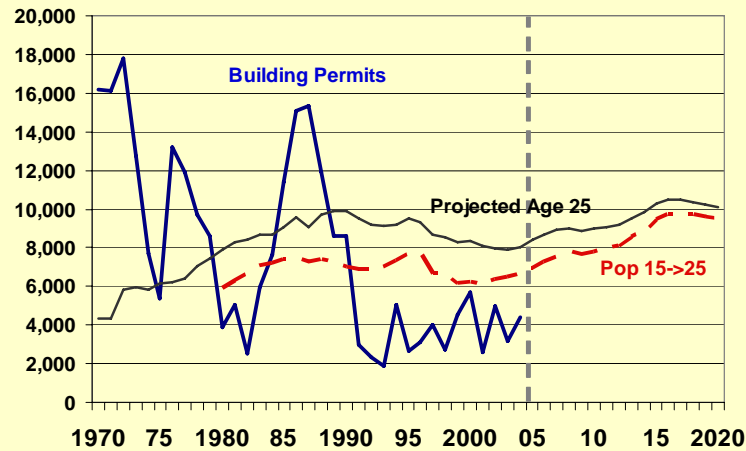
Figure 3a. Household Formation and Construction, Orange County



Data Source: CA Department of Finance and Construction Industry Research Board

## Comparing Household Formation and Multifamily Construction in Orange County

Figure 3b. Multifamily Household Formation and Construction



Data Source: CA Department of Finance and Construction Industry Research Board

**Table 1. Annual Construction Compared to Housing Needs of Grown Children Passing from Age 15 to Age 25 in Orange County**

| Year    | Total: Age15->Age25 |                |              |                     |           |             |
|---------|---------------------|----------------|--------------|---------------------|-----------|-------------|
|         | Households*         | Vacant units** | Housing Need | Building Permits*** | Shortfall | % Shortfall |
| 1980-84 | 10,457              | 323            | 10,781       | 11,302              | 521       | 4.8         |
| 1985-89 | 11,594              | 359            | 11,953       | 22,017              | 10,065    | 84.2        |
| 1990-94 | 11,059              | 342            | 11,401       | 8,709               | -2,692    | (23.6)      |
| 1995-99 | 11,050              | 342            | 11,392       | 10,620              | -772      | (6.8)       |
| 2000-04 | 10,028              | 310            | 10,338       | 10,286              | -52       | (0.5)       |
| 2005-09 | 11,731              | 363            | 12,094       | 10,286              | -1,808    | (14.9)      |
| 2010-14 | 13,019              | 403            | 13,422       | 10,286              | -3,136    | (23.4)      |
| 2015-19 | 15,213              | 471            | 15,684       | 10,286              | -5,398    | (34.4)      |

Notes:

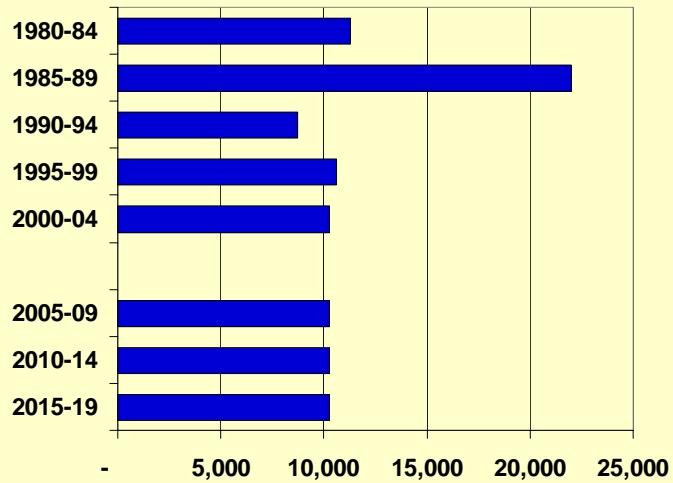
\* Households= Population (Age 15->25 ) \* Headship Rate (Age25, CA, 2000)

\*\* Vacant housing rate: 3.0% total housing; 5.0% multifamily

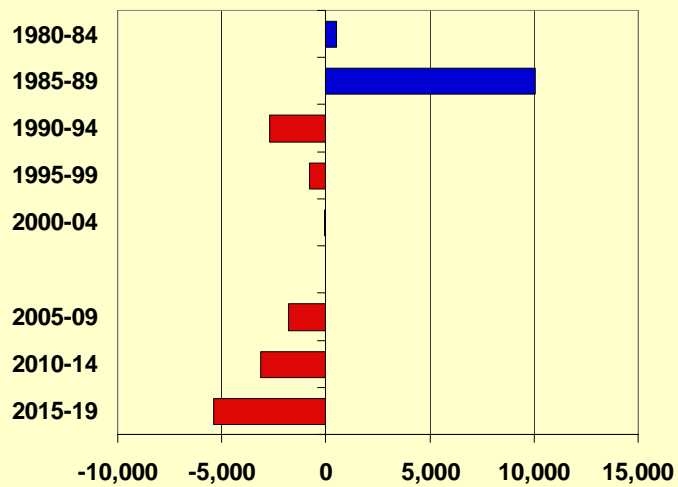
\*\*\* Building permits post 2004 assumed = Average Annual Growth (2000-04)

Source: Calculation by author using data from Census and Construction Industry Research Board

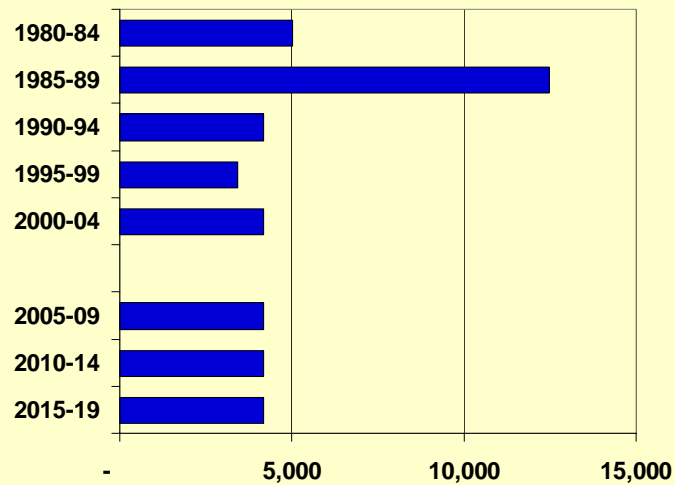
## Total Annual Building Permits



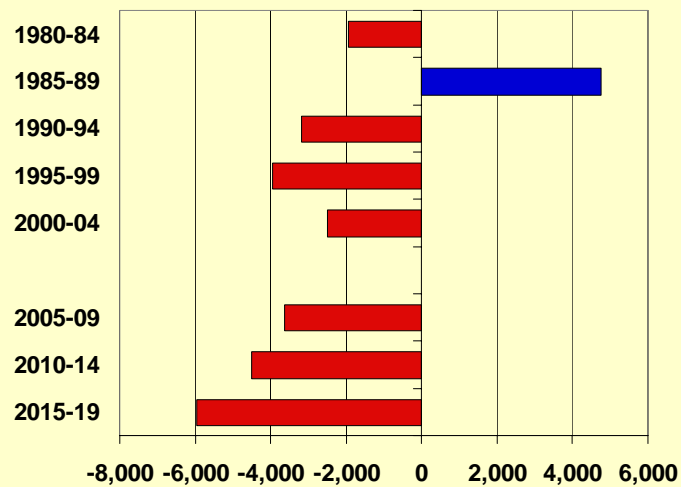
## Excess or Shortage of Total Housing



## Multifamily Building Permits



## Excess or Shortage of MF Housing





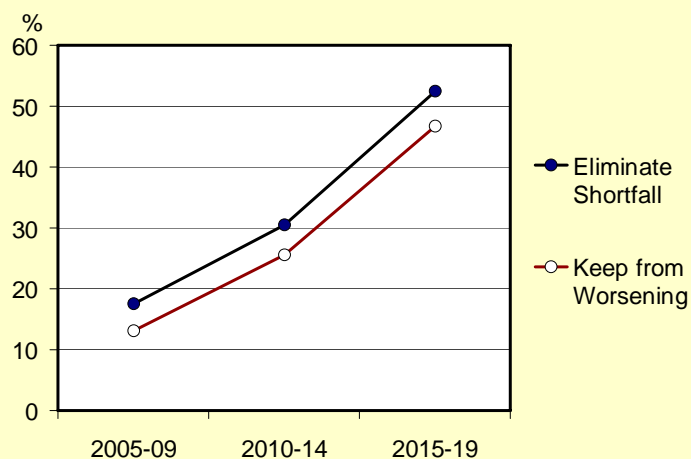
## Bottom Line

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**How much  
will housing construction need  
to increase, if we are to avoid  
that growing shortage  
and avoid failure to launch?**

## % Increase Required of Total Housing Construction

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## **Conclusion**

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- The Grown Children Benchmark
- Other types of housing need are not considered here
- Its predictable-  
can anyone add 10 to 15?
- If not here, where?

## **For more information...**

Please visit the  
**Population Dynamics Research Group**  
website at USC:

[www.usc.edu/schools/sppd/research/popdynamics](http://www.usc.edu/schools/sppd/research/popdynamics)

**“Google” one word: popdynamics**

***Thank You***